

◆ InsureIntelligence ◆

A. M. Townley, Jr., BBA, MBA
Insurance Education Seminars

InsureIntelligence



COLLISION DAMAGE
WAIVER \$10/DAY

RENTAL CARS . . .

BETTER "SAFE"

THAN "SORRY"

You have just arrived at the airport and find yourself in front of the rental car counter. The \$39 per day rate will quickly turn into \$49 per day if you accept the CDW (Collision Damage Waiver). "No problem," you tell yourself, "My auto insurance agent says I'm covered, subject to my \$250 collision deductible." As you boldly initial the contract (which you have not read) rejecting the CDW, you have just become financially responsible for an amount far in excess of the \$10 you just "saved."

By now, you are wondering, "How can this happen?" Your agent said you were "covered" subject to your \$250 deductible. For added security, you even used your "gold credit card" that should pay your \$250 deductible. Even when you pay the extra cost for the CDW, there are still gaps in your protection.

By accepting the CDW or LDW (Loss Damage Waiver) and paying the additional fee, you have entered into a "contractual agreement" with the rental agency. The rental agency agrees to not hold you responsible for damage to the rental vehicle. This damage is measured in terms of the "full retail value" of the vehicle. However, if you violate any of the terms of the rental contract the waiver is void, and *you will be responsible for the*

How can you violate the contract? Here are a few of the ways that are listed on the back of the rental contract in very small print. Intentional damage or willful and wanton misconduct; driving while intoxicated; using the vehicle for towing or pushing; operation by an "un-authorized" driver; operation on an un-paved road. These are just a few of the exclusions.

What are the gaps in your Personal Auto Policy? First, if you do not have comprehensive and collision coverage on at least one of your personal autos, you will not have any insurance on the physical damage to the rental car. Second, the contract calls for settlement of the loss based on the "full retail value" of the unit, and your coverage is for "actual cash value." Finally, your policy does not cover the loss of use of the rental car while it is being repaired and certain other administrative charges.

What is the best solution? Rely on all three!

- 1. Purchase CDW or LDW from the rental car company. Don't violate the rental agreement!**
- 2. Use a "Gold credit card," It might pay your deductible.**
- 3. Under your personal auto policy always keep**

InsureIntelligence is written by Alvin M. Townley, Jr.
750 Commerce Dr, Suite 308, Decatur, Ga 30030
(404) 377-7774 or (800) 633-1946

Alvin is a graduate of The University of Georgia where he received both his BBA and MBA with a major in Risk Management and Insurance. He is a regular speaker for ERS Seminars.